

**AMENDMENT TO H.R. 157, AS REPORTED  
OFFERED BY MR. GOHMERT OF TEXAS**

Add at the end the following new section:

1 **SEC. 6. EXCLUSION FROM GROSS INCOME FOR INCOME**  
2 **FROM SOURCES WITHIN THE DISTRICT OF**  
3 **COLUMBIA.**

4 (a) FINDINGS.—The Congress finds the following:

5 (1) The phrase “no taxation without represen-  
6 tation” was a rallying cry of many American colo-  
7 nists during the period of British rule in the 1760s  
8 and early 1770s. The slogan gained widespread no-  
9 toriety after the passage of the Sugar Act on April  
10 5, 1764.

11 (2) American colonists increasingly resented  
12 being levied taxes without having actual legislators  
13 seated and voting in Parliament in London. The  
14 idea that there should be no taxation without rep-  
15 resentation dated back even further. Benjamin  
16 Franklin stated, “it is suppos’d an undoubted Right  
17 of Englishmen not to be taxed but by their own Con-  
18 sent given thro’ their Representatives.”.

19 (3) This issue became even more defined in  
20 1765 with the passage of the Stamp Act which was

1 the first true attempt to levy a direct tax on the  
2 American colonies. Ultimately the tax was repealed,  
3 but the idea of no taxation without representation  
4 persisted.

5 (4) Article I, section 2, clause 1 of the United  
6 States Constitution, states, "The House of Rep-  
7 resentatives shall be composed of Members chosen  
8 every second Year by the People of the several  
9 States, and the Electors in each State shall have the  
10 Qualifications requisite for Electors of the most nu-  
11 merous Branch of the State Legislature."

12 (5) The Organic Act of 1801 placed Wash-  
13 ington, D.C., under the exclusive jurisdiction of the  
14 United States Congress and people in the District  
15 were no longer considered residents of Virginia or  
16 Maryland.

17 (6) Many in Washington, D.C., were imme-  
18 diately opposed to the idea of being taxed without  
19 congressional representation and over the years sev-  
20 eral congressional leaders introduced constitutional  
21 amendments to give the District of Columbia voting  
22 representation, though none were successful.

23 (7) In 1898, Puerto Rico was acquired by the  
24 United States and currently has a Resident Commis-  
25 sioner with limited voting rights. Section 933 of the

1 Internal Revenue Code of 1986 exempts bona fide  
2 citizens who are residents of Puerto Rico for the en-  
3 tire taxable year from Federal taxes on income  
4 earned in Puerto Rico.

5 (8) On March 31, 1917, the United States took  
6 possession of the Virgin Islands and in 1927, the  
7 territory's residents were granted citizenship. Under  
8 section 932 of the Internal Revenue Code of 1986,  
9 individuals who are bona fide residents of the United  
10 States Virgin Islands during the entire taxable year,  
11 and who fully pay all income tax liabilities to the  
12 United States Virgin Islands, are not subject to Fed-  
13 eral income taxes on their income.

14 (9) Guam was established as a territory of the  
15 United States after the passage of the Guam Or-  
16 ganic Act of 1950. Under the provisions of section  
17 935 of the Internal Revenue Code of 1986, residents  
18 of Guam are required to file tax returns with Guam,  
19 but not with the United States Federal government  
20 and therefore the residents do not have to pay  
21 United States Federal income taxes.

22 (10) The Commonwealth of the Northern Mar-  
23 iana Islands was established in 1975 after residents  
24 decided not to pursue independence, but instead they  
25 opted to enter into territory negotiations. The tax

1 treatment of the Northern Mariana Islands is simi-  
2 lar to the structure of Guam in that bona fide resi-  
3 dents are not required to pay Federal income taxes.

4 (11) American Samoa, which is technically con-  
5 sidered “unorganized” because no Organic Acts have  
6 been passed by Congress, is governed by section 931  
7 of the Internal Revenue Code of 1986. Under this  
8 section, bona fide year-round residents are exempt  
9 from Federal taxes on income they earn in Samoa,  
10 Guam, and Northern Mariana Islands, but are sub-  
11 ject to Federal taxes on income earned elsewhere.

12 (12) In keeping with the early history and  
13 democratic traditions of the United States, the prin-  
14 ciples established in the Constitution, and in con-  
15 formance with the other territories of the United  
16 States which have delegates but no Representative,  
17 the residents of the District of Columbia should be  
18 exempt from paying United States Federal income  
19 taxes.

20 (b) EXCLUSION FROM GROSS INCOME FOR INCOME  
21 FROM SOURCES WITHIN THE DISTRICT OF COLUMBIA.—

22 (1) IN GENERAL.—Subpart D of part III of  
23 subchapter N of chapter 1 of the Internal Revenue  
24 Code of 1986 is amended by adding at the end the  
25 following new section:

1 **“SEC. 938. INCOME FROM SOURCES WITHIN THE DISTRICT**  
2 **OF COLUMBIA.**

3 “(a) GENERAL RULE.—In the case of an individual  
4 who is a bona fide resident of the District of Columbia  
5 during the entire taxable year, gross income shall not in-  
6 clude—

7 “(1) income derived from sources within the  
8 District of Columbia, and

9 “(2) income effectively connected with the con-  
10 duct of a trade or business by such individual within  
11 the District of Columbia.

12 “(b) DEDUCTIONS, ETC. ALLOCABLE TO EXCLUDED  
13 AMOUNTS NOT ALLOWABLE.—An individual shall not be  
14 allowed—

15 “(1) as a deduction from gross income any de-  
16 ductions (other than the deduction under section  
17 151, relating to personal exemptions), or

18 “(2) any credit, properly allocable or chargeable  
19 against amounts excluded from gross income under  
20 this section.

21 “(c) BONA FIDE RESIDENT AND OTHER APPLICA-  
22 BLE RULES.—For purposes of this section, rules similar  
23 to the rules of section 876, 937, 957(c), 3401(a)(8)(D),  
24 and 7654 shall apply.”.

25 (2) CLERICAL AMENDMENT.—The table of sec-  
26 tions for subpart D of part III of subchapter N of

1 chapter 1 of such Code is amended by adding at the  
2 end the following new item:

“Sec. 938. Income from sources within the District of Columbia.”.

3 (3) EFFECTIVE DATE.—The amendments made  
4 by this section shall apply to taxable years ending  
5 after the date of the enactment of this Act.

